

Harrington responds to state audit

City makes changes in wake of former auditor's arrest

By Jamie-Leigh Bissett
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HARRINGTON — The Delaware State Auditor's office on Monday released Harrington's responses to its three-month audit in the wake of the arrest of the city's former finance director, Christine H. Truitt, on charges of embezzling more than \$800,000 from city coffers.

The results of the auditor's investigation were released last month during a budget and finance committee meeting at Harrington City Hall.

The city had 10 working days to respond to the report, but asked for an extension last week so that Harrington Mayor Robert E. "Gene" Price Jr. could go over the responses with council.

In its replies, the city addressed the need for bank reconciliations, written policies and procedures, pre-approved purchase orders, segregation of duties and preventing the improper transfer

from city grant accounts.

The city said because it is down "two key positions" — the operations manager and finance director — it is seeking a certified public accountant to review monthly bank reconciliations until the finance position is filled.

The auditors recommended the city hire a CPA in their report because "the city is currently not performing monthly bank reconciliations," which contributed to "the ability of the city finance director to embezzle funds."

The auditors also found that the city does not have written policies and procedures in place, which "contributed to an environment conducive to fraud."

The auditors recommended that the establish internal financial controls, develop written policies and procedures and provide effective oversight.

In response, the city said it would hire a financial consultant to develop policies and procedures and help to apply them to the city's administrative structure, because city staffing, even when full, "is minimal."

The city said it will also ask the consultant to suggest the best way to segregate financial duties.

The city also does not have a procedure for approving purchase orders, the report said.

The auditors recommended that the city begin pre-approving purchases, especially those exceeding certain dollar amounts, to avoid overspending.

The city said the budget and finance committee will review the current purchase order policy, which has been in effect since 2003, and recommend a dollar amount for pre-approval.

The responses went on to say the budget and finance committee will monitor segregation of duties, management reviews and internal controls once a review by a financial consultant has taken place.

The city also said that since May, payroll has been outsourced to Automatic Data Processing Inc., a payroll management company, which "provides a printout of the entire batch payroll before checks are printed."

The auditor also said Mrs. Truitt made inappropriate transfers of \$2,700 and \$3,000, respectively, from the police department pension fund and the library account, and recommended that the city examine the balances of

those accounts.

The city said the grant accounts, under which the police pension and library accounts were classified, balance internally.

"The previous finance director made transfers into the payable account that did not match the actual expenditures, but the bottom line is that the accounts balance with the invoices/receipts. This would apply to Municipal Street Aid, State Aid to Local Law Enforcement and Emergency Illegal Drug Enforcement funds," the report said.

Mrs. Truitt's daughter, Nina M. Grimes, and son-in-law, Shaun T. Grimes, were also arrested as part of the investigation.

Each faces identical charges of felony racketeering, theft of \$100,000 or more, second-degree conspiracy and three counts of second-degree forgery and are bound for trial in November.

To view the entire audit report visit, www.auditor.delaware.gov and click on "Special Investigations Audit Reports" link.

Staff writer Jamie-Leigh Bissett
can be reached at 398-3206 or
jlhughes@newszap.com.